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ARIZONA LABOR MARKET INFORMATION

NEWSLETTER

Vol. XV No. 5
May 1991

Unemployment Rate

Seasonally Adjusted
March*

ARIZONA	–	4.9%
Maricopa Co.	–	4.2
Pima Co.	–	3.5
United States	–	6.8

Consumer Price Index

U.S. – March 1991
Base = 1982-84

Wage Earner/Clerical Worker	–	133.0
% Chg. Year Ago	–	4.6
All Urban	–	135.0
% Chg. Year Ago	–	4.9

Phoenix – 1st Qtr 1991
Base = 1982-84

All Urban	–	135.2
% Chg. Year Ago	–	2.8

Tucson CPI No Longer Available (see p. 12)

* Preliminary

Arizona 'At The Movies'

State Gaining More Attention From Film Industry as Hollywood Seeks Lower Costs, Elbow Room

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Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

State's Scenery, Lower Costs Lure Movie Business

"The dollars that flow into a state's economy from films are like found money. Filmmakers don't wear out roads and bridges, use the schools, or pollute — they just drop cash wherever they go."

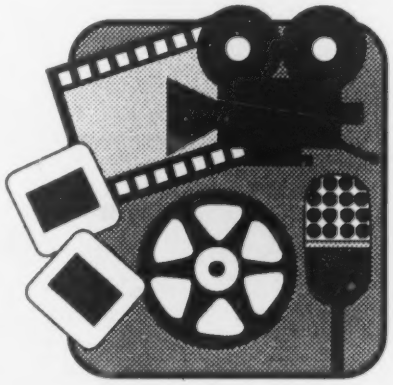
— Jeremy Schlosberg
American Demographics

Moviemakers have been attracted to Arizona for more than half a century. In Flagstaff alone more than 50 feature-length films have been produced since 1930. A prime location for Westerns, Monument Valley was the film location for "Stagecoach" in 1939, and Old Tucson had its beginnings that same year, built for the movie "Arizona." Santa Cruz County, in 1953, was chosen for the filming of "Oklahoma," much to the consternation of that state's residents.

While Arizona has long been a favorite of producers of Westerns (for movies and television), it's being used more and more for other movie genre and telefilms, as well as television commercials. In recent years, films featuring extraterrestrials, wild car chases, a visit to the past and future, wacky parents and a little baby, and a small-town romantic interlude have used the state as a backdrop.

This film divergence is partly due to one of the state's chief attractions — its varied terrain. And the state's film commission recently used this valuable asset in a successful print advertising campaign that showed a distinctive black hot-air balloon, etched with the state's emblem, photographed at various locations throughout the state that could pass for someplace other than Arizona. The ad appeared in various trade publications with the headline: "You Can Shoot Anywhere in the World in Arizona."

The state first began a concerted effort to



lure movie and television business in 1973 when then-Gov. Jack Williams officially established the Governor's Arizona Film Commission. Placed under the auspices of the Office of Economic Planning and Development (the forerunner of the Arizona Department of Commerce), the commission was to consist of "not more than ten members to be appointed by the Governor and representing a cross-section of the states' business community as well as the public at large ... ."[1]

At the time, Arizona was one of only a few states with a film commission. Now, however, 41 other states have created film agencies. But local film commissions, some with only part-time staff, have also been established around the state in Yuma, Flagstaff, Sedona, Page, Lake Havasu, Parker, Prescott, Verde Valley, Tucson, and Phoenix.

With a staff of five, including Director Bill MacCallum, and an annual budget of about $330,000, the state film commission, however, is still the "big daddy of 'em all." More commonly known as the Motion Picture Development Office, the state agency is responsible for promoting Arizona's production and film qualities with a major emphasis on bringing "new money" into the state from companies outside Arizona, MacCallum says.

About one-third of the agency's budget is spent "wooing" producers and, upon request, the division provides materials on Arizona and its resources, MacCallum says. During Arizona Fiscal Year 1989 (July 1, 1988-June 30, 1989), the film office responded to more than 8,000 requests.

The motion picture office generally shifts into high gear when a production company sends a script to the agency and asks if any Arizona locations may be appropriate for a project. Agency staff will scout locations, check on nearby services, take photos and videos, and may obtain any necessary permits and/or rights-of-way for filming on public lands, highways, or Indian reservations.

Office staff also pick up filmmakers and other production officials at airports when they visit Arizona, giving them the "royal treatment" as well as a tour of locations they're interested in using. "It's a major part of our business. We'll put them in a boat, whatever it takes, to get them to a film location," MacCallum says.

At the conclusion of a project, MacCallum's office may need to "mend fences" both in a literal and figurative sense. And as a final touch, the film commission will usually place ads in industry trade publications thanking the company for choosing Arizona.

Climate, Proximity to L.A. Help State

Besides topography, Arizona has several other factors going in its favor in trying to lure film business. Naturally, Arizona's sunny, dry climate is a selling point as is its proximity to Los Angeles. Producers can sometimes get to Tucson or Phoenix more quickly than they can get around their own city.

Historically, producers have preferred to shoot as much as possible inside their Los Angeles studios, but moviegoers have become more sophisticated and won't settle for fabricated sets. The final location decision may depend, however, on a community's willingness to completely accommodate a production company.

Table 1. Average Number of Reporting Units, Employment and Weekly Wages for Motion Picture Industry and Subindustries, U.S. and Selected States, 1989

		SIC 781			SIC 7812			SIC 7819		
	Rank by Employment	Number of Units	Employment	Weekly Wage	Number of Units	Employment	Weekly Wage	Number of Units	Employment	Weekly Wage
United States	—	12,090	133,178	$797	9,739	94,733	$ 899	2,351	38,445	$549
California	1	5,041	81,224	894	3,710	57,474	1,020	1,331	23,750	590
New York	2	2,179	16,921	972	1,813	12,391	1,061	366	4,530	726
Florida	5	332	2,048	543	296	1,826	557	36	222	421
Arizona	**22***	**107**	**558**	**566**	**87**	**504**	**593**	**20**	**54**	**313**
Oregon	26*	82	394	480	72	347	479	10	47	483

Notes:

* = Estimate (see foonote 7)

Units = Reporting Units or Business Establishments

SIC 781 = Motion Picture Production and Allied Services (Industry Group)
SIC 7812 = Motion Picture and Video Production
SIC 7819 = Services Allied to Motion Pictures

Source: *Employment and Wages, Annual Averages, 1989, U.S. Department of Labor, Bureau of Labor Statistics, October 1990*

When "Murphy's Romance" was made in Florence several years ago, a major section of town was blocked off for 2½ months, MacCallum says.

Another factor often cited in Arizona's favor is low production costs. According to a *Business Journal* article in May 1989, the average cost to film a television commercial in Arizona was between $25,000 and $40,000 a day, while the daily cost in Los Angeles and New York ranges between $60,000 and $80,000.[2]

Some industry analysts believe that Arizona's right-to-work laws — and thus the absence of a strong union influence — contributes to the state's cheaper production costs and enhances movie industry growth. However, costs are not always a major factor in a final decision where to film, because while small businesses are not required to hire union people, the large studios are signatory to contract with unions, such as the Teamsters and the Screen Actors Guild, even if they come to Arizona. Union representatives can and do, however, negotiate wage rates that make Arizona more attractive.

Currently, the Screen Actors Guild in Phoenix reports local membership of about 600 and the American Federation of Television and Radio Artists (AFTRA) about 250. The AFL-CIO's International Alliance of Theatrical Stage Employees (IATSE) set up a new local union in Phoenix last year and the Motion Picture Studio Mechanics union signed up 223 members in its first few days. The IATSE also has locals for wardrobe personnel, projectionists, and other occupations.

MacCallum says about 75 percent of film projects in Arizona are done by smaller production companies who have budgets of about $4 million or less. The smaller production companies' workforce is usually made up of about 80 percent Arizona workers. The larger production companies — primarily from California — who are likely to be unionized bring in about 85 to 90 percent of their workforce (not including extras) from out of state.

Accurately measuring the economic impact of any company or industry is a difficult task, and especially so with the volatile motion picture industry. Most production companies are small "independents" that are set up only for the project at hand. They arrive with their key people (most are independent contractors

Table 2. Arizona Motion Picture Industry Employment (SIC 781), 1985-89

Year	Employment*	Percent Change	Number of Units*
1985	448	—	83
1986	498	11%	82
1987	361	-28	81
1988	434	20	98
1989	558	29	107

Notes:

Units = Reporting Units or Business Establishments

* = Annual Average

Source: *Arizona Department of Economic Security, Research Administration, ES-202 Program*

themselves), hire any number of temporary employees, utilize a multitude of services, do their jobs as quickly as possible, and then they're gone.

Two primary measures of an industry's economic impact are employment and wages. And one of the best sources of employment and wage data comes from the U.S. Department of Labor's ES-202 program, which generates and compiles data on workers covered by unemployment insurance laws, about 95 percent of the workforce.[3] The ES-202 program categorizes this information by industry using codes from the Standard Industrial Classification (SIC) Manual—1987.[4]

One problem in using this data, however, is that it can understate the economic impact of a transient industry such as film and television production. For example, when a production company that was established in California comes to Arizona for several months, any people they hire locally are counted as Arizona employees, but people they bring with them are counted as California employees. (As noted earlier, the smaller production companies, which account for about 80 percent of the filmwork in Arizona, tend to hire local workers, while the larger production companies usually bring in their own people.)

The SIC Manual classifies what is generally thought of as the filmmaking industry under the three-digit category, "Motion Picture Production and Allied Services," code 781. This category is composed of two subindustries, "Motion Picture and Video Tape Production" (SIC 7812) and "Services Allied to Motion Picture Production" (SIC 7819).

The former includes establishments primarily engaged in the production of theatrical and non-theatrical motion pictures and video tapes for exhibition or sale, including educational, industrial, and religious films. The latter contains establishments engaged in performing services related to movie production such as film processing, editing, titling, casting, and studio property rental.[5] (SIC 781 does not include workers involved with live locally produced television shows, such as newscasts.)[6]

Feature Films Shot in Arizona

- Stagecoach
- Oklahoma
- Psycho
- Murphy's Romance
- Raising Arizona
- Midnight Run
- Back to the Future Part 3
- Young Guns II
- National Lampoon's Vacation
- Planet of the Apes

Occupations that make up a majority of positions in SIC 781 include camera operators, film editors, producers, directors, actors, and other entertainers. But the film industry also includes occupations that might be thought of as atypical of this sector, such as budget analysts, purchasing agents, electrical and electronic engineers, and watch guards.

Arizona 22nd in W&S Employment

Considering the state's assets, Arizona ranked an estimated — and a surprisingly low — 22nd in wage and salary employment in 1989 (the latest full year available) among all states in motion picture production (SIC 781), according to ES-202 data (see Table 1).[7] The film industry is dominated by only a handful of states with California and New York combined claiming 75 percent of total U.S. employment, while Arizona's share is less than 1 percent.[8]

Despite the state's ranking, statewide wage and salary employment for the movie industry grew about 25 percent between 1985 and 1989 with most of the growth occuring in the last two years (see Table 2). Maricopa and Pima counties together accounted for about 80 percent of total employment in SIC 781 (as is the case for most every industry in the state) during that five-year period. Undoubtedly this is due in part to Maricopa and Pima counties being the home of Arizona's two major studios — Carefree Studios in north Scottsdale and Old Tucson, west of Tucson.

Average wages in Arizona's film industry in 1989, meanwhile, greatly outpaced most sectors in the state's services industry (which SIC 781 falls under), and was on par with some of the higher-paying industries in the goods-producing sector. The average weekly wage for SIC 781 in '89 was $566, dwarfing the overall average wage for Arizona's services sector ($365) and matching the overall average for the manufacturing sector ($547).

Interestingly, there was quite a disparity in weekly wages between SIC 781's two subindustries, although this appears to be quite common among states. "Motion Picture and Video Production" (SIC 7812) had average weekly wages in 1989 of $593 compared to $313 for "Services Allied to Motion Picture Production" (SIC 7819).[9] A lack of union influence and small amount of employment in SIC 7819 likely accounts for the disparity, MacCallum says. However, because total employment was nearly 10 times greater in SIC 7812 than SIC 7819 — 504 vs. 54 — average wages for the overall industry remained relatively high.[10]

Comparing nationally, Arizona's wages in SIC 781 in 1989 were about one-third lower than the U.S. average of $797. This was primarily due to California and New York's dominance over the industry. But interestingly, average wages in Arizona's SIC 7812 ranked in the top 10 among 44 states and Washington D.C. that reported, but the state's average for SIC 7819 was in the lower one-third of 29 states reporting.[11] Although wages are higher in the film industry than many other services industries, a negative factor for the movie business is that employment often is not available or steady, particularly in primary occupations such as actors and directors. A movie project does, however, create ancillary jobs.

For example, a production company often requires the services of a multitude of local individuals and organizations such as construction workers, off-duty police officers, caterers, chauffeurs, hairstylists, photographers, and others. In addition, filmmakers may also hire several hundred "extras" — people that might appear briefly on camera, such as part of a crowd. Extras receive about $45 and meals for the day.

Film Office Tracks Economic Impact

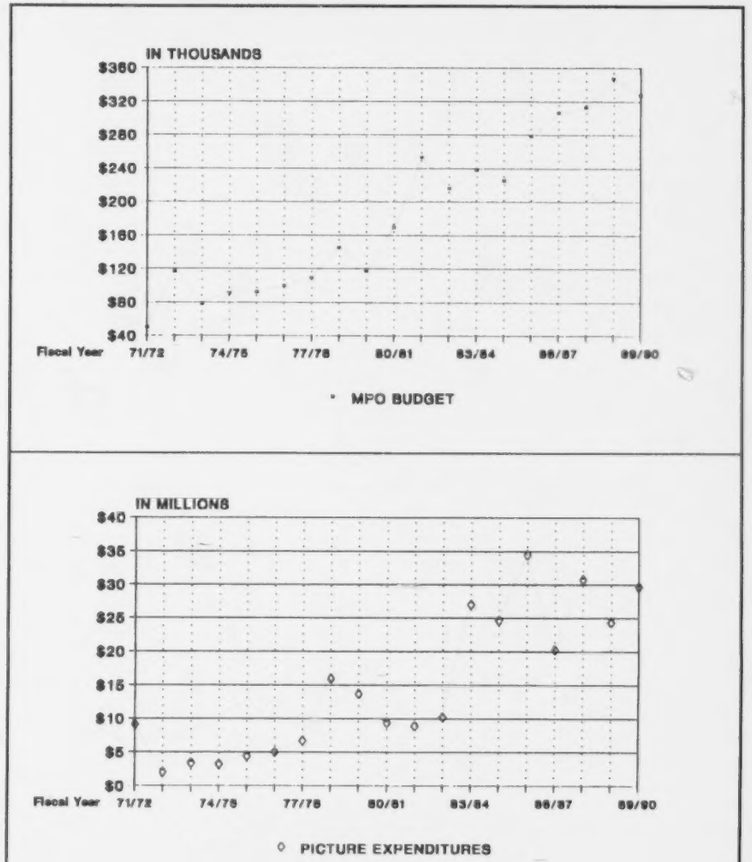
The Motion Picture Development Office has been gathering information on these ancillary jobs, and efforts have recently been stepped up to solicit audits from production company accountants following an Arizona shoot. MacCallum estimates that about 80 percent cooperate with his office. "They let us know the number of hotel rooms they used, how many extras they paid, (local) crew they hired, building materials bought, caterers — essentially all of the expenses they wrote checks for," he says. MacCallum's office is not, however, responsible for tracking local productions.

According to data collected by the film office and reported in a recent issue of its quarterly publication, *Arizona's Call Sheet*,[12] the film and television production industry spent an estimated $34 million in Arizona during 1989, about three times what was being spent during the early '80s. And since the early '70s, the state motion picture office has spent only $3.6 million in helping to attract more than $280 million in production company expenditures. (see Figure 1)[13]

The 1989 figures cover productions on all or part of 16 feature films; 20 telefilms, series, and specials; 62 documentaries and industrial films; and 249 national and regional commercials.[14] MacCallum estimates that the expenditure multiplier — a way to measure the reuse or secondary impact of money once it enters the economic flow of an area — for the film industry is 3½ times. If his estimates are correct, that would translate into an economic impact from out-of-state production companies of more than $100 million in 1989.

Another source of film industry revenue for local communities is from production workers' per diem expenses. While on location, members of the cast and crew each receive between $40 and $50 per day, which they will likely spend on meals, entertainment, clothes, souvenirs, and other necessities. With a crew of 100, this money quickly adds up for local merchants and for the state's coffers in the form of sales tax.

Figure 1. Arizona Motion Picture Office Budget, and Expenditures by Out-of-State Production Companies, Fiscal Years 1971-72 - 1989-90



MPO Budget = Motion Picture Office Advertising/Promotion Budget

Source: Arizona Dept. of Commerce, Motion Picture Development Office, March 1991

Other, less quantifiable benefits have been ascribed to the movie industry, such as increased tourism. Not only does a community get an infusion of cash from a shoot, but a psychological and a promotional boost, as well. Would anyone argue that film and television is a glitzy, ritzy, exciting business? Well, at least to some. The 160 acres of sets at Old Tucson draws approximately 500,000 visitors each year, which accounted for approximately 95 percent of its annual revenues, or about $8.7 million in 1990.

Future Appears Bright

Although MacCallum has no time-travel machine, based on past and recent experience the film commission director believes the state has a "big future" in the movies and should reap the benefits of a multi-billion dollar industry that has recently drawn the attention of Japanese investors. However, he says, several factors — including not taking the industry for granted — will play a major role in how fast growth will occur.

The move of a major production company to the state will mean "a tremendous increase in the film industry," says MacCallum, who expected this to have occurred 10 years ago. "When it happens, there will be a lot of people looking for work in all occupations," he says.

The state's major assets (noted earlier), particularly the proximity to Hollywood, also should continue to work in the state's favor, MacCallum says. Hints that major studio executives want to get away from "blockbuster," big-budget pictures in order to cut costs,[15] as does a recent pick-up in film activity at Old Tucson — due to renewed interest in Westerns — should bode well for the state's film industry.[16] There's a whole new generation of young people that did not grow up with the old Westerns, and an even bigger group that looks back at them nostalgically.

But competition is getting stiff, and climate and lower production costs will not necessarily translate into continued growth. Arizona is currently competing with more than 130 film commissions in the United States and other countries, such as Canada, Puerto Rico, the Virgin Islands, Peru, Australia, and Poland.

California, which reportedly lost $1 billion in production business to other states in 1985, is fighting back. California recently created a film commission with a network of 60 liaison offices around the Golden State and eliminated permit fees usually charged for filming on state lands.[17] Other states offer similar incentives and tax waivers or rebates while Arizona currently offers no such incentives. And favorable currency exchange rates and low costs of labor are two reasons a film maker may choose to locate outside the United States.

MacCallum believes that Arizona's public sector will need to take an active role to ensure continued growth. "In order for us to be more than a small part of the industry, state government will have to go after business," he says.

And like the Cactus League, Arizona will not be able to take this cash cow for granted, or fear losing out to more aggressive states and countries.

—Marcy Tomko
RA Research Analyst

Also contributing to the story was Brent Fine, Arizona LMI Newsletter Editor.

Notes:

1. Executive Order 73-6, GV1.3: E93/73-6, Nov.30, 1973, Gov. Jack Williams.
2. "Businessman plans multimillion-dollar film studio," Terry McDonnell and Angela Torrez, *Business Journal*, May 15, 1989, p.1.
3. Employment data used in this analysis are the product of a federal-state cooperative program in which state employment security agencies (SESAs) prepare summaries of employment and total pay of workers covered by unemployment insurance (UI) legislation. The summaries are a byproduct of the administration of State Unemployment Insurance programs that require most employers to pay quarterly taxes based on the unemployment and wages of workers covered by UI.
4. The Standard Industrial Classification (SIC) system is the statistical classification standard underlying all establishment-based federal economic data. The structure of the SIC system makes it possible to tabulate, analyze, and publish employment data on four levels, according to the amount of industry detail considered most appropriate. The four levels are: division (one digit), major group (two digit) industry group (three digit), and industry code (four digit).
5. "Standard Industrial Classification Manual—1987," Executive Office of the President, Office of Management and Budget, 1987.
6. Ibid.
7. *Employment and Wages, Annual Averages, 1989*, U.S. Department of Labor, Bureau of Labor Statistics, p. 475, October 1990; also, Arizona's employment ranking is an estimate due to non-disclosure rules that prohibited some states from reporting employment totals for either or both SICs 7812 and 7819. ES-202 data cannot be disclosed: if either there are less than three companies in the SIC category or one company has 80 percent or more of the SIC category's employment.
8. Ibid.
9. Ibid.
10. Ibid.
11. Ibid; also, due to non-disclosure rules not all states reported employment totals for either or both SICs 7812 and 7819 (see footnote 7).
12. *Arizona's Call Sheet*, Arizona Department of Commerce, Vol. IX, No. 3, Winter 1990, p.1.
13. Motion Picture Development Office, Arizona Department of Commerce, Advertising/Promotion Budget Report (unpublished), March 1991.
14. "Arizona's where Action! is," Guy Webster, *The Arizona Republic*, November 1990, F1.
15. "Big-budget blues hit Hollywood studios," John Horn, *The Associated Press*, published in *The Arizona Republic*, March 31, 1991, p. F1.
16. "Back from boot hill: Westerns gallop anew into films, TV, U.S. awareness," Hal Mattern, *The Arizona Republic*, March 8, 1987, p. F1.
17. "Lights! Camera! Arizona!," Hal Mattern, *The Arizona Republic*, March 8, 1987, p. F1.

The Arizona Labor Force in March

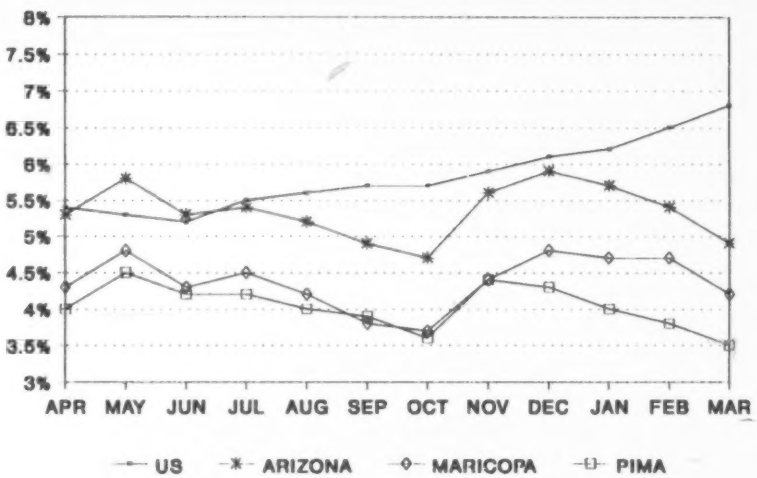
Despite rising unemployment nationally, Arizona's economy continues to show signs of health. While the national unemployment rate in March advanced three-tenths of a percent to 6.8 percent, Arizona's rate decreased one-half of a point to 4.9 percent — the lowest rate since October of last year.

Arizona's non-agricultural wage and salary growth did equally well in March. While the nation experienced job losses in March — especially in the construction and manufacturing sectors of East Coast states — Arizona posted a gain of 8,300 wage and salary jobs. Over March 1990, the number of wage and salary jobs is up 2.5 percent, running at about the same pace as the previous two years.

A decline of 5,000 in Arizona's unemployment last month is more evidence that the state's economy has strengthened somewhat. This drop, coupled with a 13,100 increase in the level of employment, suggests that Arizonans are having success in their search for work. Further, an upsurge of confidence due to the end of the Gulf War has encouraged formerly discouraged workers to seek employment.

With the exception of Yavapai County, the unemployment rates among the state's counties decreased across the board in March. Pima County had the lowest rate at 3.5 percent and Maricopa County was not far behind at 4.2 percent. Yavapai County had the lowest unemployment rate of the non-metropolitan areas at 4.9 percent while Yuma County had the highest at 18.2 percent.

Figure 1. U.S., Arizona, and Maricopa and Pima Counties Unemployment Rates, April 1990-March 1991



Source: U.S. Department of Labor, Bureau of Labor Statistics; and Arizona Department of Economic Security, Research Administration

Several Sectors Remain Weak

Although the overall picture of Arizona's economy is looking good, deficiencies are apparent in some key industries. Manufacturing employment continues to trend downward and is currently at a level not seen since the early part of 1986. Construction posted a small gain for the month, but on a year-over-year basis the industry is still not performing up to par. And the trade and service industries created jobs in March but at a lower than post-1982-recession average. However, on the bright side is government which had particularly strong job gains in March.

Government employment expanded a phenomenal 4,500 for the month — slightly less than double the average gain in March over the last eight years. Since March 1990, government has added more than 13,000 jobs, growing at a 5.0 percent clip. If this trend continues, year-end growth in government will be greater than in any single year over the last decade.

Analyzing government employment by sector reveals that last month's overall gain was skewed by one area. Although the federal and state and local government sectors experienced normal March gains, school employment surged with colleges in Pima County being the driving force. The filling of a large number of work-study, clerical, and staff positions apparently caused the jump.

Services has averaged 3,800 new jobs in March over the past eight years. This March, however, services created only 2,200 jobs. Although the gain is less than normal, in light of the current national recession the state should be thankful there were any gains at all. Hotels and motels added 900, a normal gain for March, while both business services and health services dropped by 100 when normally each sector gains about 500 jobs. The catchall category of "other services," which includes amusements and professional services, had job growth in excess of the norm.

Weak Food Stores Hurt Trade

Even with the Gulf War's end, trade remained weak with job growth in March at 1,400, about 1,000 less than normal. Wholesale trade dropped 100 when an increase of 500 is typical. However, general merchandise and apparel gained 300 in a month when employment normally decreases. Food stores pared back employment by a greater-than-normal amount in March while automotive services and eating and drinking places each experienced normal gains for the month.

Employment in manufacturing decreased by 200 in March and was equally split between durable and nondurable goods

(Continued on page 12)

Arizona Labor Force and Employment

March 1991 (in Thousands)

	ARIZONA					MARICOPA COUNTY					PIMA COUNTY				
				Amount	Change				Amount	Change				Amount	Change
	Mar.* 1991	Feb. 1991	Mar. 1990	Feb. - Mar.	1990 - 1991	Mar.* 1991	Feb. 1991	Mar. 1990	Feb. - Mar.	1990 - 1991	Mar.* 1991	Feb. 1991	Mar. 1990	Feb. - Mar.	1990 - 1991
TOTAL CIVILIAN LABOR FORCE**	1708.1	1700.0	1704.8	+8.1	+3.3	1060.5	1058.4	1059.4	+2.1	+1.1	314.6	310.3	308.0	+4.3	+6.6
Total Unemployment	83.3	88.3	89.2	-5.0	-5.9	45.2	47.3	46.1	-2.1	-0.9	10.9	11.5	12.7	-0.6	-1.8
Unemployment Rate	4.9%	5.2%	5.2%	—	—	4.3%	4.5%	4.4%	—	—	3.5%	3.7%	4.1%	—	—
Unemployment Rate (Sea. Adj.)***	4.9%	5.4%	5.3%	—	—	4.2%	4.7%	4.3%	—	—	3.5%	3.8%	4.1%	—	—
Total Employment	1624.8	1611.7	1615.6	+13.1	+9.2	1015.3	1011.1	1013.3	+4.2	+2.0	303.7	298.8	295.3	+4.9	+8.4

Note: Above Labor Force Statistics Should Not Be Used for Economic Assistance Programs.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1527.2	1518.9	1489.7	+8.3	+37.5	1003.7	1001.2	981.5	+2.5	+22.2	262.2	258.8	256.2	+3.4	+6.0
Manufacturing	182.0	182.2	185.5	-0.2	-3.5	135.8	135.7	138.3	+0.1	-2.5	25.8	25.9	27.0	-0.1	-1.2
Durable Goods	136.3	136.4	139.4	-0.1	-3.1	103.4	103.3	105.2	+0.1	-1.8	20.1	20.2	21.1	-0.1	-1.0
Stone, Clay, and Glass	6.4	6.4	7.0	0.0	-0.6	3.7	3.7	4.0	0.0	-0.3					
Primary and Fabricated Metals	14.1	14.1	14.6	0.0	-0.5	9.7	9.6	9.8	+0.1	-0.1					
Primary Metals	6.3	6.3	6.5	0.0	-0.2										
Fabricated Metals	7.8	7.8	8.1	0.0	-0.3										
Machinery	58.1	58.1	59.4	0.0	-1.3	48.2	48.1	49.4	+0.1	-1.2					
Aircraft and Missiles	26.7	26.9	26.6	-0.2	+0.1										
Lumber and Wood Products (Excluding Furniture)	6.2	6.2	6.9	0.0	-0.7										
Nondurable Goods	45.7	45.8	46.1	-0.1	-0.4	32.4	32.4	33.1	0.0	-0.7	5.7	5.7	5.9	0.0	-0.2
Food and Kindred Products	10.2	10.3	9.8	-0.1	+0.4	7.1	7.2	6.9	-0.1	+0.2					
Printing and Publishing	17.1	17.1	17.0	0.0	+0.1	12.0	11.9	12.1	+0.1	-0.1					
Mining and Quarrying	12.8	12.7	12.2	+0.1	+0.6	0.7	0.7	0.8	0.0	-0.1	2.3	2.2	2.1	+0.1	+0.2
Copper Mining	10.2	10.1	9.6	+0.1	+0.6										
Construction	76.8	76.7	81.2	+0.1	-4.4	49.6	50.2	54.3	-0.6	-4.7	14.7	14.5	14.4	+0.2	+0.3
Trans., Communications, & Public Utilities	81.9	81.7	82.4	+0.2	-0.5	58.0	58.3	58.2	-0.3	-0.2	9.4	9.4	9.6	0.0	-0.2
Transportation	46.3	46.4	46.0	-0.1	+0.3	34.9	35.2	34.7	-0.3	+0.2	4.9	4.9	5.1	0.0	-0.2
Communications and Public Utilities	35.6	35.3	36.4	+0.3	-0.8	23.1	23.1	23.5	0.0	-0.4	4.5	4.5	4.5	0.0	0.0
Trade	379.7	378.3	366.8	+1.4	+12.9	256.0	255.0	245.2	+1.0	+10.8	60.7	60.7	60.3	0.0	+0.4
Wholesale Trade	77.5	77.6	75.2	-0.1	+2.3	61.7	61.8	59.8	-0.1	+1.9	7.5	7.5	7.8	0.0	-0.3
Retail Trade	302.2	300.7	291.6	+1.5	+10.6	194.3	193.2	185.4	+1.1	+8.9	53.2	53.2	52.5	0.0	+0.7
General Merchandise and Apparel	47.6	47.3	45.2	+0.3	+2.4	29.0	28.8	27.1	+0.2	+1.9	8.7	8.7	8.3	0.0	+0.4
Food Stores	50.6	51.0	47.7	-0.4	+2.9	32.0	32.4	30.4	-0.4	+1.6	8.9	8.8	7.9	+0.1	+1.0
Automotive and Service Stations	34.5	34.3	34.3	+0.2	+0.2	21.6	21.4	21.2	+0.2	+0.4	5.5	5.5	5.6	0.0	-0.1
Eating and Drinking Places	109.9	108.7	105.8	+1.2	+4.1	71.9	71.0	68.1	+0.9	+3.8	19.5	19.5	19.7	0.0	-0.2
Finance, Insurance, and Real Estate	95.2	95.2	93.7	0.0	+1.5	76.0	76.0	74.7	0.0	+1.3	11.6	11.6	11.6	0.0	0.0
Services and Miscellaneous	420.4	418.2	402.7	+2.2	+17.7	284.5	283.0	274.0	+1.5	+10.5	77.7	77.5	74.0	0.2	+3.7
Hotels and Lodging Places	45.6	44.7	43.8	+0.9	+1.8	29.1	28.6	27.7	+0.5	+1.4	6.8	6.7	6.7	+0.1	+0.1
Business Services	79.5	79.6	77.7	-0.1	+1.8	63.3	63.3	63.1	0.0	+0.2	11.4	11.6	10.0	-0.2	+1.4
Health Services	104.1	104.2	99.7	-0.1	+4.4	67.3	67.4	63.8	-0.1	+3.5	22.8	22.7	22.4	+0.1	+0.4
Government	278.4	273.9	265.2	+4.5	+13.2	143.1	142.3	136.0	+0.8	+7.1	60.0	57.0	57.2	+3.0	+2.8
Federal	45.5	45.4	45.6	+0.1	-0.1										

* Preliminary

** Labor force, unemployment, and employment are reported by place of residence.

*** Normal seasonal variations have been eliminated to reflect underlying economic trends.

**** Business Services undergoes a series break between December 1987 and January 1988 as a result of the 1987 SIC realignment.

Note: Presented by the Arizona Department of Economic Security, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Non-metropolitan Counties
Labor Force and Employment
March 1991

	Apache	Cochise	Coco-nino	Gila	Graham	Green-lee	La Paz
CIVILIAN LABOR FORCE*	14,575	35,000	44,225	12,750	8,175	3,175	5,325
Total Unemployment	1,875	2,500	2,750	1,075	500	175	375
Rate	12.9%	7.1%	6.2%	8.4%	6.1%	5.5%	7.0%
Rate (Seas. Adj.)**	13.1%	6.7%	6.1%	7.4%	6.0%	5.8%	6.7%
Total Employment	12,700	32,500	41,475	11,675	7,675	3,000	4,950
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY	15,425	26,500	42,375	11,475	5,650	3,275	4,050
Manufacturing	475	1,125	3,375	1,400	225	25	275
Mining & Quarrying	50	100	100	1,300	0	1,900	75
Construction	550	875	1,500	600	150	200	300
T.C.P.U.	1,975	1,675	3,100	475	150	50	125
Trade	1,450	5,325	9,825	2,400	1,600	300	1,325
F.I.R.E.	475	650	850	300	125	25	125
Services & Misc.	5,100	5,025	10,725	2,325	875	175	900
Government	5,350	11,725	12,900	2,675	2,525	600	925

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	37,900	28,150	37,950	11,550	41,425	52,775
Total Unemployment	2,300	2,750	2,825	1,050	2,225	6,800
Rate	6.1%	9.8%	7.4%	9.1%	5.4%	12.9%
Rate (Seas. Adj.)**	5.6%	8.8%	7.3%	13.9%	4.9%	18.2%
Total Employment	35,600	25,400	35,125	10,500	39,200	45,975
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY	27,850	22,300	31,575	11,550	29,375	29,975
Manufacturing	2,525	2,050	3,450	975	2,325	2,150
Mining & Quarrying	50	1,200	3,950	25	1,000	50
Construction	2,700	775	750	300	2,400	1,350
T.C.P.U.	1,325	1,525	1,075	775	1,125	1,150
Trade	8,275	4,050	5,775	5,475	7,800	9,375
F.I.R.E.	1,450	450	775	275	1,025	1,050
Services & Misc.	6,825	5,500	5,250	1,850	7,300	6,450
Government	4,700	6,750	10,550	1,875	6,400	8,400

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Mar.* 1991	Feb.** 1991	Mar. 1990	Mar.* 1991	Feb.** 1991	Mar. 1990	Mar.* 1991	Feb.** 1991	Mar. 1990
Manufacturing	422.99	418.55	417.36	40.4	39.9	41.2	10.47	10.49	10.13
Aircraft & Missiles	648.24	645.65	647.34	45.3	45.5	45.3	14.31	14.19	14.29
Food & Kindred Prod.	355.42	352.30	330.33	39.1	38.8	39.0	9.09	9.08	8.47
Primary Metals	501.41	491.34	497.36	38.6	38.0	38.2	12.99	12.93	13.02
Machinery	402.00	396.47	384.94	40.2	39.1	39.4	10.00	10.14	9.77
Copper Mining	657.41	640.20	589.25	44.3	44.0	43.2	14.84	14.55	13.64
Construction	439.56	432.25	437.18	37.0	36.6	36.8	11.88	11.81	11.88
Utilities	746.30	741.31	743.48	43.9	43.2	43.1	17.00	17.16	17.25
Retail Trade**	257.43	253.89	258.46	31.9	31.5	32.8	8.07	8.06	7.88
Wholesale Trade	398.04	390.91	372.66	38.2	38.1	38.3	10.42	10.26	9.73

Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Mar.* 1991	Feb.** 1991	Mar. 1990	Mar.* 1991	Feb.** 1991	Mar. 1990	Mar.* 1991	Feb.** 1991	Mar. 1990
Manufacturing	446.63	440.36	444.52	40.9	40.4	41.7	10.92	10.90	10.66
Construction	469.10	462.20	454.10	37.8	37.7	37.1	12.41	12.26	12.24
Retail Trade**	263.54	264.64	270.21	32.1	32.0	33.4	8.21	8.27	8.09
Wholesale Trade	431.26	424.13	388.24	38.3	37.7	38.1	11.26	11.25	10.19

Estimated Hours and Earnings of Production Workers in Selected Industries Pima County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Mar.* 1991	Feb.** 1991	Mar. 1990	Mar.* 1991	Feb.** 1991	Mar. 1990	Mar.* 1991	Feb.** 1991	Mar. 1990
Manufacturing	395.21	381.58	344.77	39.8	38.7	36.6	9.93	9.86	9.42
Construction	396.34	372.48	379.13	35.9	33.8	35.4	11.04	11.02	10.71
Utilities	627.76	619.24	580.76	41.3	41.2	39.4	15.20	15.03	14.74

* Preliminary.

** Revised

*** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs March 1991

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,708,097	1,624,773	83,324	4.9%
Apache	14,590	12,708	1,882	12.9
Cochise	35,000	32,495	2,505	7.2
Coconino	44,203	41,463	2,740	6.2
Gila	12,730	11,667	1,063	8.4
Graham	8,193	7,682	511	6.2
Greenlee	3,190	3,003	187	5.9
La Paz	5,327	4,940	387	7.3
Maricopa	1,060,552	1,015,321	45,231	4.3
Mohave	37,909	35,611	2,298	6.1
Navajo	28,147	25,409	2,738	9.7
Pima	314,546	303,669	10,877	3.5
Pinal	37,943	35,127	2,816	7.4
Santa Cruz	11,567	10,507	1,060	9.2
Yavapai	41,415	39,194	2,221	5.4
Yuma	52,786	45,978	6,808	12.9

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Labor Force

(Continued from page 7)

On the durable goods side, aircraft and missiles was hit the hardest, dropping 200. In nondurable goods, food and kindred products lost 100 jobs, but this is a normal occurrence.

Construction added 100 jobs in March when the average gain has been 1,100. Pima County, however, attained its normal gains, adding 200 jobs. Unusually harsh weather in the state — heavy rains in the desert regions and snow in the higher elevations — may have retarded some work. Though, a more likely reason for weak construction employment is a lack of demand for and an excess supply of space in most sectors of the real estate market.

Transportation, communications, and public utilities (TCPU), the stellar performer of 1990, has plunged back to earth in recent months. An addition of 500 jobs is the March norm, but only 200 jobs were created in March. Finally, finance, insurance, and real estate had no over-the-month change when an increase of 600 jobs is usually the case. And mining added 100 jobs to bring its over-the-year gain to 600.

In summary, Arizona's economy continues to grow, albeit at a slower-than-historical pace. The recession that is gripping the nation has had some, but not much, impact on Arizona. With any luck, the state will continue to prosper as the nation slowly emerges from the economic downturn.

—Marc A. Marra
RA Economist

UofA No Longer Calculating Tucson-Area Price Index

A consumer price index (CPI) for the Tucson metropolitan area will no longer be published by the University of Arizona's Division of Economic & Business Research (DEBR) due to cutbacks within the department. CPI data for the fourth quarter of 1990 is the last quarterly period the index covered.

Budget cuts of about $300,000 and reduction in staff are also forcing DEBR to scale back its newsletter, *Arizona's Economy*, which is expected to be published quarterly instead of monthly.

DEBR will, however, continue its economic-forecasting work.

Impact of Disability Act on Small Business Not Expected to Be Severe, EEOC Says

Small businesses are not expected to be severely economically impacted by the Americans with Disabilities Act (ADA), according to the Equal Employment Opportunity Commission (EEOC). The EEOC recently released proposed regulations on the landmark legislation which goes into effect next January.

ADA, which prohibits employers from discriminating against qualified workers with disabilities and requires business to make "reasonable accommodations" for disabled employers, is expected to cost businesses about $16 million the first year. However, because small businesses have fewer employees the law "can be expected to impose fewer costs of these employers as they will have fewer employment opportunities and fewer applicants and employees who need an accommodations," the commission says in a report published in the *Federal Register*.

The EEOC, which estimates the average cost per accommodation will be $304, says more than half of the changes can be done without cost, 18.5 percent will cost between $1 and $99, and 11.9 percent will cost between $100 and $499. More than 80 percent of accommodations will cost less than $500. ADA will allow companies, however, to take a tax deduction up to $35,000 a year for architectural costs, and businesses may be able to apply for deductions under the Targeted Jobs Tax Credit program. Companies with fewer than 15 employers are exempt from the law.

The commission says employer compliance will be determined on a case-by-case basis. But because Title I of ADA, which deals with employment of the disabled, is more detailed than similar type of legislation, there will be little room for regulatory discretion.

Although the regulations define a disability, they do not say which impairments cause a disability. A disability is defined as a "physical or mental impairment that substantially limits one or more of the major life activities of an individual, a record of such an impairment, or being regarded as having such an impairment." The regulations give a list of "commonly disabling impairments," which include: substantial orthopedic, visial, speach and hearing impairments; AIDS; cancer; heart disease; and diabetes.

The EEOC estimates that ADA will generate yearly tax revenues of $222 million and save $164 million in support payments. It uses as an example a disabled person who makes $10,000 a year. That person will pay $2,000 in taxes and no longer collect $6,000 in support benefits, a savings of $8,000.

Beg Your Pardon

There were several errors in a story on the 1990 census in the March 1991 *Arizona LMI Newsletter*. The city of Peoria was omitted from a table that had the state's "Top 10 Places by Numerical Increase." Peoria, which gained 38,477 residents between 1980 and 1990, recorded the seventh-largest increase, just behind Scottsdale (41,447) and ahead of Tempe (34,945). In relation to the omission, the article should have said the city of Gilbert had the ninth-largest numerical increase, instead of eighth, and that Bullhead City had the 11th largest numerical increase instead of 10th. Also, the article said Arizona's resident-based population increased 35.3 percent between 1980 and 1990, when in fact it increased 34.9 percent. The 35.3 percent increase was for the state's apportionment population total, which included about 12,000 military personnel overseas.

NEWS IN BRIEF

Job Service Keeping Tabs on Persian Gulf Employment

U.S. workers expecting to cash in on the rebuilding of Kuwait will likely come up empty, unless they are trained in a highly technical field. However, the U.S. Department of Labor is encouraging interested individuals to contact their local Job Service office.

Job vacancies in the Persian Gulf are being included in the Interstate Job Bank, a nationwide listing of job openings distributed throughout Job Service offices and shared with selected libraries and college placement offices. In addition, employers and workers wanting to register with Job Service will be assigned a special code (PG), designating their interest in the Persian Gulf.

Only a few job openings in the Persian Gulf are currently listed in the Interstate Job Bank and those require specialized skills. Most labor-intensive jobs are expected to be filled from workers in the Pesian Gulf area.

HHS Releases Poverty Level Guidelines

The U.S. Department of Health and Human Services has released its poverty income guidelines for 1991. Poverty levels went up by an amount equal to the increase in the 1990 Consumer Price Index, which increased 5.4 percent.

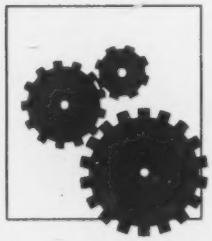
The poverty level, along with the Lower Living Standard Income Level, are two means used to determine whether individuals meet the "economically disadvantaged" standard for programs such as the Job Training Partnership Act (JTPA). Programs using poverty levels may use "administrative" or "statistical" defintions of income, which differ and include various exclusions.

Size of Family Unit	Poverty Guidlines
1	$6,620
2	8,880
3	11,140
4	13,400
5	15,660
6	17,920
7	20,180
8	22,440

McDonnell Douglas Has Up, Down Month; Gore Expects to Add 200 Positions

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.

MANUFACTURING — Taking a cue from its primary product, **McDonnell Douglas Helicopter Co. of Mesa** has had its ups and downs the past month. In late March the East Valley manufacturer announced it would **gain 450 jobs through the transfer of work** from McDonnell Douglas' helicopter facility in Culver City, Calif. Then in early April the company learned it lost out to the team of Sikorsky Aircraft Co. and Boeing Helicopter Co. in a bid to build the next generation of Army helicopter — a contract expected to be worth $34 billion. Partly because of the contract loss, **McDonnell Douglas then announced in mid-April plans to lay off 250 workers** at its Mesa facility and 100 at its Culver City plant.



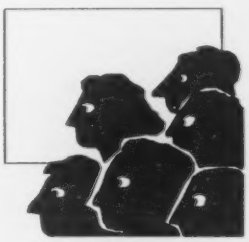
Plaskolite Inc., an Ohio-based plastics manufacturer, has **opened a warehouse and manufacturing facility** in Phoenix, 601 S. 54th Ave. Employment at the plant, which will make plumbing and building materials as well as acrylic and styrene sheeting, is projected at 30 by the end of the year.

W.L. Gore's manufacturing facility in Flagstaff is expected to **add 200 positions** within the next two years. Gore received zoning approval to expand its Flagstaff operation, which makes medical replacement parts (e.g., veins, tissue replicas). Construction of two buildings totaling 123,000 square feet was expected to begin in April. Gore, based in Newark, Del., currently employs about 700 in Flagstaff.

A slowdown in the building of business and regional airline aircraft, along with the completion of several projects have led to **two separate layoffs by Garrett Engine Division of Phoenix.** In mid-March, Garrett Engine announced it would lay off 131 engineers because of contract completions, then announced a month later an industry slowdown will lead to the layoff of 400 other workers. When these two actions are complete, Garrett Engine will have reduced its workforce since last summer by 1,000 to 3,800. Other Garrett divisions in Phoenix — Auxiliary Power and Fluid Systems — eliminated jobs earlier in the year, as did Garrett subsidiary AiResearch Tucson Division.

In an effort to reduce costs, **Intel Corp.** is looking at leaving its north Phoenix plant (Beardsley Road and Interstate 17) and **moving into a smaller, 150,000-square-foot manufacturing facility** near the Deer Valley location. The move may also include expansion at the north Phoenix operations. Intel, based in Santa Clara, Calif., recently announced plans to build a 160,000-square-foot office and warehouse facility in Chandler, the fifth building on its East Valley campus (see "New Developments," *Arizona LMI Newsletter*, March 1991)

TRADE — A proposed merger with Smitty's Super Valu Inc. has fallen through, but **Mesa-based Mega Foods Inc.** is forging ahead with expansion plans. Mega, which has 14 warehouse-style supermarkets in Arizona (10 in the Phoenix area), is going to **build four stores in Tucson** within the next four months, along with single locations in Prescott and Nogales. Mega and Smitty's, which has 24 stores in the Phoenix area, had been negotiating since January and combined would have been the largest supermarket retailer in Arizona. Smitty's has been losing market share since the Smith's and Albertson's chains moved into the state.



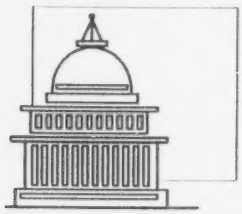
Six months after it opened its doors, the **Arizona Center** appears to be more than holding its own. And in the next few months **several new restaurants and retail stores** are scheduled to open at the downtown Phoenix retail complex, 3rd and Van Buren streets. A steakhouse will open in May, followed by three food-court businesses in the summer. A clothing store for young men and women was scheduled to open in April, and a 15,000-square-foot Lerner of New York is planning to open its doors this fall. The Rouse Co., which developed Arizona Center, is also looking at building a hotel and multi-screen movie complex at the retail center within the next five years.

CONSTRUCTION — A **group of three builders have announced a joint venture** south of Phoenix, while a **mainstay Valley developer** is thinking about **expanding on a good thing.** Looking for ways to cut costs, Homes by Polygon, Continental Homes, and Shea Homes will combine their talents to develop a 108-acre single-family subdivision on the northwestern corner of 48th Street and Chandler Boulevard near Ahwatukee. Meanwhile, Del Webb Corp. is mulling over adding 900 acres to the northern boundary of its Sun City West retirement community in the northwest Valley that would bring in an additional 4,500 to 6,000 residents. Sun City West, which currently has 19,000 residents, was expected to grow to 25,000 people.

The Valley's seventh-largest homebuilder, **Emerald Homes L.P.**, may not be that for long. Emerald, which sold 375 homes in

Arizona last year, says it **lost $30 million in 1990**. Large losses from write-downs in the value of real estate holdings primarily contributed to the company's poor financial shape. The future of Emerald may depend on how the Resolution Trust Corp. disposes of several failed savings and loans, which are the home builder's major creditors.

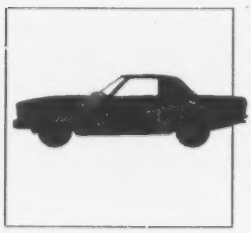
GOVERNMENT — As part of **military budget reductions**, Defense Secretary Dick Cheney announced in mid-April proposed plans to **close Williams Air Force Base in the East Valley**, eliminating nearly 4,000 military and civilian jobs. However, the state overall would only lose about 150 jobs from planned military reductions because military and civilian employees from other bases will be shifted to Luke Air Force Base in Glendale and Davis-Monthan Air Force Base in Tucson, along with Fort Huachuca in Sierra Vista, the Marine Corps Air Station in Yuma, and the Army National Guard helicopter training center in Marana. The Williams' closure, which would be completed by mid-1993, would cut out about $300 million from the Phoenix-area economy, primarily to nearby cities of Mesa, Chandler, and Gilbert. A final decision on closures will be made later this year.



A drop-off in sales taxes and slow growth is expected to force the **city of Tucson to eliminate 200 jobs this year and 100 to 200 jobs next year**, primarily through attrition and not filling vacant positions. The city of Phoenix announced earlier this year it was eliminating 300 positions (some through layoffs) due to a $22 million budget shortfall, the first reduction in force since 1982.

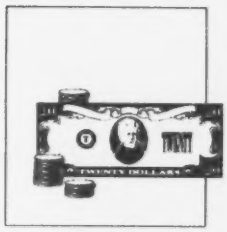
In an attempt to revitalize its downtown, the **city of Show Low** will begin **widening its Main Street** this spring and is seeking funding, possibly from the new Arizona State Parks Heritage Fund, for a proposed Tenth Street Festival Market Place and the upgrading of buildings. A recent study showed Show Low lacked specialty shops, art galleries, and boutiques in its downtown area.

SERVICES — **The northwest Valley** will be the recipient of the Phoenix-area's **ninth Ford Motor Co. dealership**. Owned by Dans Callans, the dealership will be located at 91st Avenue and Bell Road and serve the lucrative Sun Cities' market. The auto dealer is expected to open this summer and create about 150 jobs.

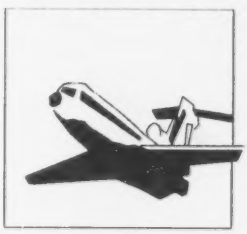


Arthur Andersen & Co. plans to open a **legal-information services operation** in Phoenix by June 1 for its western U.S. clients. The facility should create about 100 jobs — 25 permanent and the rest on an on-demand basis. Litigation services is about 15 percent of the accounting firm's business in Phoenix.

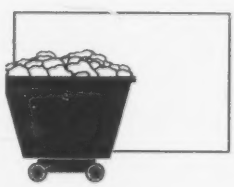
FINANCE, INSURANCE, AND REAL ESTATE — **Security Savings & Loan Association of Scottsdale** became the seventh of eight failed Arizona thrifts taken over by the Resolution Trust Corp. to be **liquidated**. Security Savings' deposits were sold in mid-March to Security Pacific Bank Arizona and World Savings & Loan of Oakland, Calif. Security Pacific picked up 17 of Security's branches, while World Savings took three. Southwest Savings of Phoenix, the remaining failed thrift, is expected to be sold later this year.



TRANSPORTATION, COMMUNICATIONS, AND PUBLIC UTILITIES — **America West Airlines and Southwest Airlines** have agreed on a plan that will allow both air carriers to **build maintenance facilities at Phoenix Sky Harbor International Airport.** The two repair centers are expected to create about 2,500 jobs within the next few years. Phoenix-based America West expects to begin construction of a $48 million hangar by the end of the year that will accommodate more than 200 aircraft it has on order and employ up to 2,000 workers. Dallas-based Southwest will begin building its hangar immediately and expects to hire 200 people by mid-1992 and add another 200 a year later.



MINING — **Arizona's copper mines added 800 jobs in 1990** despite the average price of its ore falling slightly from $1.30 to $1.24 a pound. Copper-industry employment averaged 11,200 last year — still drastically down from 25,000 in 1981 — with growth occurring at new or expanded mines in Superior, Bagdad, San Manuel, Morenci, and Tucson. Major copper companies operating in the state include Phelps Dodge Corp. of Phoenix, Magma Copper Co. of Tucson, Asarco Inc. of New York, and Cyprus Minerals Co. of Englewood, Colo.



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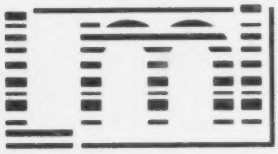

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